

Message Text

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TAGS: ECON, OGEN, UK

SUBJECT: REACTIONS U.S. BUSINESS COMMUNITY TO INDUSTRIAL BILL

REF: EMBASSY-CONGEN TELCON MARCH 3.

1. RESPONSES OF SELECTED MEMBERS OF U.S. BUSINESS COMMUNITY
TO QUESTIONS RAISED FOLLOWING SERIATIM:

A) EXTENT OF CONCERN?

INDUSTRY BILL AT THIS STAGE HAS NOT RPT NOT SEIZED ATTENTION
OF RESTRICTED U.S. COMMERCIAL AND FINANCIAL COMMUNITY HERE YET.
TO DATE IT REPRESENTS SIMPLY ANOTHER BLACK CLOUD IN HEAVILY
OVERCAST SKY, OIL HORIZON EXCEPTED. OILMEN STILL CONCENTRATING
ON EFFECT OF NEW PRT DEVELOPMENTS AND MASSIVE THREAT OF
NATIONALIZATION (PARTICIPATION) WITHIN DRAFT PETROLEUM LAW.
OTHER BUSINESSMEN AND BANKS ARE FOCUSING ON E.E.C. REFERENDUM
AS PIVOTAL. CONSENSUS ASSUMES, PERHAPS FOOLISHLY, THAT MOUNTING
CONSERVATIVE REACTIONS AS WELL AS PROSPECT U.K. ECONOMIC DIASTER
WILL CAUSE PARLIAMENTARY AND GOVERNMENT MODIFICATIONS TO BILL
BEFORE BRINK, AS WITH PRT.

B) FOCUS OF CONCERN?

AS INDICATED ABOVE, CONCERN AT THIS STAGE IS AMORPHUS. THE
FEAR IS FURTHER DRIFT INTO SOCIALISM VIA SUCH TACTICAL MANOUVERS
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AS ABOLITION OF RIGHT OF MANAGEMENT TO FIRE EMPLOYEES, WITHOUT

WHICH PRIVATE INDUSTRY CANNOT EXIST. CONTINUED UNCERTAINTY PLACES DEAD HAND ON PRIVATE INCENTIVE TO COMMIT FUNDS, WHICH IN TURN PERMITS BENNSKIES TO CLAIM GOVERNMENT FINANCING ESSENTIAL TO FILL VACUUM.

C) EFFECT ON FUTURE INVESTMENT?

EXCEPT FOR OIL, AND OIL RELATED ACTIVITIES. E.G. REAL ESTATE, INVESTMENT EXPECTATIONS ARE GENERALLY AS LOW AS SNAKE'S BELLY, SO THAT EVEN NATIONALIZATION AND FURTHER SOCIALIZATION OFFERS SOME CHANCE OF RETURN. REPORTEDLY U.K.G. TAKEOVERS IN PAST HAVE PAID OFF SHAREHOLDERS MORE THAN THEY MIGHT OTHERWISE EXPECT IN THIS ATMOSPHERE, AND SHARES HAVE RISEN WITH TAKEOVER HEADLINES IN INDIVIDUAL INDUSTRIES. INVESTORS HERE FOR EXAMPLE HOPE FOR 15 PER CENT RETURN ON CAPITAL 'BEFORE TAXES' AS OPPOSED TO 'AFTER TAXES' IN U.S. INDUSTRIAL BILL WOULD APPARENTLY FOCUS FIRST ON DEFENSE RELATED INDUSTRIES SUCH AS FERRANTI AND PR SUCH AS AIRLINES WHICH AMERICANS LESS INVOLVED IN. COMPENSATION THRU NATIONALIZATION IS BETTER THAN NOTHING. LASTLY, INDUSTRY HAS FEW GOOD INVESTMENT OPTIONS GLOBALLY TODAY.

2. ANY FURTHER REACTIONS OF NOTE WILL BE REPORTED.FUNKHOUSER

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